

CONFIDENTIAL
(Unless Otherwise Indicated)

TO: The American Embassy, JIDDA.

SUBJECT: Evaluation of Economic Reporting.

BEGIN OFFICIAL USE ONLY

The Department, in collaboration with other Washington agencies, has made a careful evaluation of economic reporting from Saudi Arabia during the period January 1 through December 31, 1958. a/ The review took into consideration: (a) reporting submitted in compliance with the provisions of the Comprehensive Economic Reporting Program (CERP); (b) replies to single-time requests; and (c) "voluntary" reporting. Contributions from the Consulate General at Dhahran were considered along with Embassy reporting. Telegrams have been considered, but because of security classification problems reference has not been made to individual messages.

The results of the review are presented herein in order to provide guidance which may be helpful in increasing the value of economic reporting to Washington agencies, as well as to point out reporting which satisfactorily fulfilled the requirements of end-users.

It is suggested that the Embassy make copies of this evaluation or pertinent portions thereof available to the Consulate General, Dhahran.

If any reporting officer who has contributed a considerable share to the reporting covered by this evaluation has left the post by the time this document arrives, it is suggested that a copy be forwarded to him at his next post of assignment, if known. Should his assignment be to the Department, a despatch noting this circumstance should be forwarded and REP will call the evaluation to his attention.

The forwarding of the evaluation is particularly important in those cases in which a weakness has been called to the post's attention within the area of the officer's reporting responsibilities.

The Department would appreciate any comments the post may have on this evaluation.
Approved For Release 2000/05/23 : CIA-RDP62-00680R000100060005-7

~~CONFIDENTIAL~~
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

a/This draft evaluation will be brought up to date prior to its transmittal to the field. End-users should, therefore, comment on reporting received after December 31, as well as on reporting received prior to that date.

END OFFICIAL USE ONLY

TABLE OF CONTENTS

BEGIN UNCLASSIFIED

<u>ITEM</u>	<u>PAGE</u>
SUMMARY	1
GENERAL ECONOMIC	3
FINANCE AND RELATED MATTERS	7
ECONOMIC RELATIONS WITH THE SOVIET BLOC	9
FOREIGN TRADE AND COMMERCIAL POLICY	10
LABOR, MANPOWER AND SOCIAL WELFARE	12
MINERALS AND PETROLEUM	13
OTHER INDUSTRIES AND COMMODITIES	15
TRANSPORTATION, TELECOMMUNICATIONS AND UTILITIES	15
DHAHRAN'S PERSIAN GULF REPORTING RESPONSIBILITIES	16
MISCELLANEOUS	18
CERP REPETITIVE REQUIREMENTS NOT DISCHARGED (Enclosure 1)	
CERP, SECTION C REPETITIVE REQUIREMENTS NOT DISCHARGED ON THE SPECIFIED DUE DATE OR FREQUENCY (Enclosure 2)	
SINGLE-TIME REQUESTS OVERDUE, BY PRIORITY GROUPS (Enclosure 3)	

END UNCLASSIFIED

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 1 -

BEGIN OFFICIAL USE ONLY

SUMMARY

On the whole, economic reporting from Saudi Arabia continued to meet the major needs of Washington agencies. Alert reporting provided timely, balanced coverage of day-to-day developments in the principal fields of economic activity with the exception of the economically significant aspects of agriculture. Political and Social factors were consistently recognized in well organized reports prepared in accordance with outstanding instructions. Undesirable features which have persisted since the last evaluation are insufficient attention to frequency and due dates on repetitive analytical reports and to the requirement for interpretive commentary. A small backlog in both repetitive and single-time requirements continues to exist.

The work of both posts during the period under review had commendable features. 1) the conduct of negotiations on the Muscat treaty and the Dammam port expansion grant, 2) services to American business interests in the area, 3) individual reports (e.g., "Marketing Areas in Saudi Arabia" and several on the labor and press relations of ARAMCO), 4) basic reporting on the Trucial States, and 5) the marked improvement in the alert coverage of petroleum developments.

A number of suggestions for the improvement of future reporting are made in the following evaluation. The voluntary Fortnightly Review would benefit from the incorporation of items of national significance from Dhahran's reporting. The quarterly Economic Summary should avoid detailed reporting of developments and should attribute sources and include an appendix of statistical indicators. The Assessment and certain types of financial reporting would be improved by increased utilization of balance of payments concepts. Increased attention is also requested to the following: 1) Economic development needs and the role of the United States in this field, 2) Soviet bloc trade developments, 3) The non-monetary

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 2 -

sector of the economy and 4) In the field of labor reporting, manpower needs, social welfare and the conditions of employment. Dhahran is requested to give particular consideration to the usefulness of periodic summaries of developments in the individual Persian Gulf States and to unfulfilled commercial intelligence responsibilities.

END OFFICIAL USE ONLY

BEGIN CONFIDENTIAL

The Department is aware of the difficulties inherent in an underdeveloped country in collecting and verifying economic information and appreciates that these difficulties are compounded in Saudi Arabia by a suspicious and oftentimes uninformed Saudi officialdom and by a language barrier. The Embassy and Consulate General are commended for the considerable amount of information they have been successful in gathering in the face of this situation. In addition, the Department is cognizant of the demands of an operational and policy nature which were placed on the economic officers during the evaluation period, the limited personnel available to perform CERP work, and the non-availability and doubtful reliability of much of the economic data. Therefore, the shortcomings noted in this evaluation should not be interpreted as critical of the efforts of individual officers. Rather, the purpose of the review is to provide an objective evaluation of past reporting in order to furnish guidance for the future.

END CONFIDENTIAL

CONFIDENTIAL
(Unless Otherwise Indicated)

- 3 -

BEGIN OFFICIAL USE ONLY

GENERAL ECONOMIC

The Economic portion of the voluntary Fortnightly Review have been consistently very useful. The items included were all of national significance. The Post's comments were regularly included and were uniformly enlightening. The drafting was succinct and end-users appreciated the use of the multiple classification device.

If time and staff permit and circumstances warrant the continuance of this useful voluntary series, future Fortnightly Reviews would be improved in breadth of coverage by inclusion of significant events provided by the Consulate General at Dhahran. Washington agencies tend to regard the economic coverage in this Review as analogous to that of a Weekly Economic Review i.e. as including events of "... significance to the local economy (or an important segment thereof) or to United States public or private interests." (3 FSM 112.2) A number of events reported by Dhahran would fall within this definition, such as ARAMCO's expansion of production and export capacity, its plans for participation in the economic development of the country, the granting of "roll-over" loans to the Saudi Arabian Government by New York banks, or the size of royalty payments. From the point of view of its possible effect on United States' interests, for example the plight of the Saudi Government Railroad and the resignation of its American manager might also have been included in the Fortnightly Review.

The Embassy's initial quarterly Economic Summary, despatch no. 111 of November 15, 1958, was a very useful report. It met most basic requirements and was notable for its clear organization and drafting. The Introduction appropriately described the state of the economy as a whole at the time of preparation of the report. The body of the Economic Summary provided useful discussions of the principal economic sectors of

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 4 -

the economy with the exception of developments of economic significance in the agricultural sector. The sections covering petroleum, finance and development were particularly well done, showing causal relationships and the influence of social and political factors. Only in the section covering imports did it appear that detailed information was provided which would normally make up a separate alert report and appear only in summarized form in the Quarterly Summary. In such cases a footnote reference to the detailed despatch is appreciated.

Future Summaries would be improved by placing detailed statistical tables in an appendix of economic indicators. (3 FSM 113.5) Given the scarcity of reliable data in Saudi Arabia, it might prove impossible to obtain data in the desired form. However, on the basis of the data recently supplied, the Embassy is requested to consider inclusion in this appendix of (1) The free market values of the riyal; (2) Saudi Arabian Monetary agency reserves, (3) The total value of imports, (4) Total Aramco payments to the government and (5) The retail prices for major commodities.

From the point of view of mechanics, this report was deficient in several respects. In view of the extensive inclusion of material from the ARAMCO quarterly economic report, consistent use of quotation marks would appear appropriate as would the citation of this along with other sources on the signature page. (3 FSM 054.4) The report could also have been improved by the incorporation of Embassy commentary on the validity of ARAMCO's conclusions. Consistent submission of this priority 2 requirement on schedule would be appreciated (3 FSM 040).

The Economic Assessment (also a priority 2 requirement), although substantially delayed in submission, proved to be one of the most useful of the Embassy's economic reports. It provided valuable interpretation of the significant problems facing the

CONFIDENTIAL
(Unless Otherwise Indicated)

- 5 -

Saudi Arabian government and forecast the direction of the economy. The concentration on financial factors in Sections II and VI was correct, as was the discussion of political and social factors bearing on the future of the economy in Sections I and V.

Future Assessments would be improved by more complete utilization of the tools of economic analysis discussed in 3 FSM 114. For Saudi Arabia, the balance of payments concept appears to be the appropriate tool since the whole money economy is so closely tied to the foreign sector. In the absence of formal balance of payments data, pertinent available data can be profitably arranged by the Embassy within this framework. Sparse statistical material should be supplemented by conclusions based on reliable local opinion on trends affecting the balance of payments. Use of this analytical concept, for example, would have led to joint consideration of (1) the maintenance of a large volume of imports and (2) the statement of the Governor of the Saudi Arabian Monetary Authority that Saudi coins were being exported in substantial quantities (Embassy despatch no. 157 of January 27, 1958). If the Governor was correct, the statement in the Assessment on the value of currency in circulation and the resulting inflationary pressure could be misleading. With the focus on this kind of analysis, discussion of the vital petroleum industry would cover only such factors as current and prospective revenues, and ARAMCO's contributions to economic development and social change.

Economic analysis of this kind suggests that the statistical appendix of future Economic Assessments might well include balance of payments estimates, comparative figures on the uses of foreign exchange, and retail prices of major commodities, insofar as these statistics contribute to the analysis. Statistics on the oil industry would be limited by the same considerations.

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 6 -

Although it is necessary to stress the desire for a more formal economic analysis, the Embassy's Assessment indicates its awareness that economic statistics alone often do not explain economic developments, but that political and social factors are often determining; that many issues cannot be comprehended by a balance of payments or other quantitative analysis, but that they none-the-less belong, in an Economic Assessment.

Future Assessments would also benefit from fuller consideration of the possible role of the United States Government in influencing the evolutionary modernization of the Saudi Arabian state. Section I touched on this role whereas Section IV touched on the role of ARAMCO in this same field. Combining these discussions might have been more fruitful. These reflections should moreover, normally include an assessment of the economic development effort of the Saudi government and the effect of military expenditures on the economy, if only as a factor inhibiting expenditure for development. The Embassy's views on what should constitute the Saudi economic development program should be included also.

Other reporting of a general economic nature has been limited. Of value were the Embassy's succinct summary of the impact of the United States recession on the Saudi Arabian economy and airgram G-37 of December 6, 1958 on development loans.

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 7 -

FINANCE

Reporting of Saudi Arabian financial difficulties has concentrated on essential factors, providing in a timely way necessary background information and in most cases interpretative commentary. Statistical and single-time reporting requirements are up-to-date. Good coverage has been provided on the government budget, the Saudi Arabian Monetary Agency, and the exchange rate of the riyal. In view of the infrequency of major financial developments, the perspective and the integrated picture of this sector provided by the Assessment and the Quarterly Economic Summary were especially valuable. In general, future financial reporting would be improved by more consistent inclusion of Embassy comment pointing out the significance of the material reported and by additional attention to the country's balance of payments.

Several specific features of the Embassy's financial reporting bear special mention. The reports on the "Revision of Saudi Arabian Monetary Laws" (despatch no. 138 of January 6, 1958) and "Import and Monetary Decrees" (despatch no. 245 of June 9, 1958) were particularly useful because of the interpretative commentary supplied. In contrast the despatches, "Views of Mr. Ralph Standish on the Saudi Arabian Monetary Agency", and "International Monetary Fund Report Submitted to King" both would have been substantially improved by such commentary. Of Dhahran's contributions to financial reporting "Statement of Aramco Payments to the Saudi Arabian Government Made in 1957" (despatch no. 87 of January 28, 1958) provided excellent commentary and could have been improved only by the addition of a table to permit more ready comparison of the many statistics included in the text.

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 8 -

The Consulate General's despatch no. 89 of February 5, 1958, "Analysis of Aspects of Saudi Arabian Budget for Hijrah Year 1377", however, pointed out some substantial changes in the government's spending, but did not state the cause for the changes or their significance. Finally, Dhahran's two despatches reporting the instructions to local money lenders to use only official exchange rates (despatches nos. 76 and 83 of January 7 and 20, 1958, respectively) were of special merit because they provided an illustration of the difficulty the government faced in the enforcement of its control measures and a guide to the thinking of participants in Saudi Arabian commerce.

END OFFICIAL USE ONLY

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 9 -

BEGIN CONFIDENTIAL

ECONOMIC RELATIONS WITH THE SOVIET BLOC

The limited intercourse between Saudi Arabia and the Soviet bloc has necessitated no special reporting coverage in the past. However, the removal of the informal prohibition against the importation into Saudi Arabia of goods produced in Soviet bloc countries suggests the need for increased attention to Saudi attitudes and activity, particularly in view of the interesting conclusions provided in despatch no. 233 of May 21, 1958 and current trade policies of the United Arab Republic and Iraq. Embassy reporting of the removal of the import ban (in the Fortnightly Review and the Quarterly Summary) provided no indication of the likelihood of increased trade, a matter of some interest to end-users. If the Embassy transmitted the latest copies of the Battle Act Lists to the Foreign Office subsequent to the Saudi action, the comments of the Foreign Office at that time would have increased significance. Response to CA-1932 of August 26, 1958 (Priority 3) requesting a report on conversations held at the time of the transmittal has not been received.

Future submissions of Soviet bloc statistics (last reported in an enclosure to despatch no. 233 of May 21, 1958) would be improved by increased attention to the mechanics of statistical presentation (3 FSM 074). Care in the preparation of the table, including accuracy in the title and the explicit indication of unit employed, is essential. Omission from the table of the grand total of all imports from the Soviet bloc apparently led to the substitution in the text of the covering despatch of the value of total imports from Czechoslovakia for the grand total. It is assumed that the quantitative statistics requested under CERP Section B, Item I-B-I were not available.

END CONFIDENTIAL

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 10 -

BEGIN OFFICIAL USE ONLY

FOREIGN TRADE AND COMMERCIAL POLICY

Coverage of foreign trade and commercial policy has been timely and adequate. Two elements contributed significantly to this coverage: 1) the report for World Trade Information Service publication, "Marketing Areas in Saudi Arabia" and 2) alert despatches regarding the efforts of the government to stabilize the riyal, discussed under finance above. "Marketing Areas in Saudi Arabia" was commendable for its close adherence to instructions, thoroughness and clarity of presentation. Although intended principally for publication, this report will also serve as a basic reference for all interested government agencies. Embassy assistance to United States business interests has been of unusual importance during the period under review. An innovation of distinct value to Washington agencies primarily concerned with market conditions is the transmission of the locally prepared monthly "Economic Survey of Eastern Province" (despatch no. 184 of November 6, 1958). Its value would be greater if it were more timely and gave evidence that the Consulate General had reviewed it with an eye to commenting on individual items reported.

Reporting of the reciprocal trade agreement with Egypt was prompt and pointed out the principal innovation, the petroleum sales feature. The analysis of the agreement would have been more useful to Washington agencies not intimately informed on Saudi trade, if background information had been supplied to indicate briefly the composition and significance of Saudi Arabia's trade with Egypt.

Statistical reporting has adhered closely to instructions, and there are no requirements overdue. Repetitive submission, as available, of data on the allocation

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 11 -

of foreign exchange for private sector imports and the value of total imports by month and area (both of which appeared in the Quarterly Economic Summary) would add significantly to the information usually available to Washington agencies. The detailed statistics on imports from the Soviet bloc was surprising in view of the difficulty in obtaining more detailed figures on other foreign trade. Finally the post is reminded of the requirement for comment as to the reliability of statistical data, particularly when initially submitted (3 FSM 024.32).

Responses to single-time reporting requests covering Public Law 480, a double taxation treaty, and the Arab League Boycott of Israel have been uniformly prompt and thorough.

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 12 -

LABOR, MANPOWER AND SOCIAL WELFARE

Reporting of labor, manpower and social welfare during the period under review was light, but appeared to reflect the level of activity in these fields. The Embassy's reporting is still hampered by the lack of a Muslim local employee who could travel to Mecca and Medina. Jidda's despatch no. 250 of June 16, 1958, "Labor Relations-Saudi Style", provided^a useful illustration of the status of labor in an absolute monarchy. It was of value also for contrast with the accounts of ARAMCO labor relations portrayed in Dhahran despatches, e.g., despatch no. 46 of August 19, 1958, "ARAMCO Wage Increase". Furthermore, it was an outstanding example of the type of review of company policy which could well be extended to other fields. "ARAMCO Estimate of Labor Unrest in Eastern Province" (despatch no. 200 of November 11, 1958) ably sketched the regional setting for ARAMCO labor policies. Despatch no. 62 of August 13, 1958, "General Regulations for Government Employees", would have been improved by a discussion of the regulations' application to this important segment of the populace.

Dhahran's response to the single-time request for information on "Unions and Associations of Public Employees" was of special value to Washington agencies for two reasons. First, it provided an appraisal of the significance of public services carried on by the governments of Saudi Arabia, Bahrein and Qatar. Second, it was the only report submitted during the period under review covering education and social welfare in Saudi Arabia, factors of recognized significance for Saudi political stability.

For purposes of future reporting, both posts are requested to give consideration to the nature and magnitude of Saudi Arabia's problems resulting from the shortages

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 13 -

of skilled labor, technicians and management personnel. Frequent reference to these problems in many despatches has served to suggest their magnitude and also the wealth of material available for an integrated report on the subject. Some coverage of the segment of the population living outside of the cities and outside of the money economy would also be welcomed. Of special interest are the settlement of nomadic groups and rural-urban migration, and their effects on urban employment, housing and social services, as well as government policies in this regard. Finally, reporting might include a small sample of wages, hours and fringe benefits such as that used by the posts in the preparation of the wage scale for local employees. Such a sampling should include wage rates of several typical occupations (unskilled labor, truck driver, for example) in the industries and economic activities of the country.

MINERALS AND PETROLEUM

Reporting on the petroleum industry in Saudi Arabia during the period under review was commendable for the marked improvement in coverage of developments in the principal facets of the industry and for consistent follow-up of matters reported earlier. The report, "Marketing Areas in Saudi Arabia", made an especially useful contribution to coverage of petroleum affairs by demonstrating the substantial growth of economic activity attributable to the country's income from oil. Dhahran's despatch on Aramco press relations, together with that on the oil company's labor relations, (mentioned under Labor above), provided the kind of thorough review of the company's policies which might profitably be extended to other fields.

The principal shortcoming in reporting on petroleum was the continued unexplained delay in submission of Dhahran's priority 3 annual Petroleum Report, due April 1.

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 14 -

Although the absence of this report has been less glaring because of the extended discussion of the industry in the Embassy's Annual Assessment (as indicated in the section on General Economic reporting above), the discussion in the Assessment is expected to confine itself principally to the impact of the industry on the Saudi economy as a whole. It is the annual Petroleum Report which is expected to discuss intensively all facets of the industry, covering problems of world demand, activities within the industry, company relations with the government, the press, the public and labor, and trends and outlook (3 FBM 542.84). Under the heading "outlook", the annual report might include consideration of topics like Nasser's ambitions with regard to Middle East oil revenues and the likelihood of nationalization of the Saudi Arabian industry.

Future reporting would be improved by the consistent provision of background information and commentary regarding developments in the industry. For example, Dhahran's despatch reporting the arrival of an additional off-shore drilling platform might have stated the number of such platforms already operating, the contribution of the new platform to the rate of exploration or of development of existing fields, the anticipated contribution to the rate of production and export, and the relation, if any, of the installation of an additional pump in the Safaniya-Ras Tamura pipeline. Jidda's reporting of the accounts of ARAMCO officials of their negotiations with the Saudi Arabian government would have been more valuable if the Embassy had stated its agreement or disagreement with ARAMCO's conclusions. Finally, an analysis by the Embassy of the Japanese concession agreement, the English language text of which was submitted as despatch 155 of January 23, 1958 would have been of considerable interest to end-users.

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 15 -

Statistical reporting requirements have usually been promptly fulfilled. There is one requirement overdue at the present time (See Enclosure 1). The voluntary submission of the series "Petroleum; Saudi Arabia, Statistical Data" is appreciated.

The single-time alert despatch on minerals other than petroleum reported the "Termination of Contract of Dr. Glen Brown of the Department of Interior Geodetic Survey", but provided no explanation for his termination.

OTHER INDUSTRIES AND COMMODITIES

Industry and commodity reporting has been almost non-existent, presumably because of a dearth of significant activity in these sectors. Only construction activity, principally in Riyadh, and cement production were mentioned. Prompt submission of the semi-annual statistical requirement "Retail Prices of Basic Commodities in the Jidda-Mecca Area" is appreciated. The Embassy is requested to point out and explain when appropriate, changes of importance and trends in the commodity prices reported. The statistical requirement covering motor vehicles, foreign trade and registrations is overdue (See Enclosure 1).

TRANSPORTATION, TELECOMMUNICATIONS AND UTILITIES

Coverage of the transportation, communication and utilities fields has been timely, largely factual and apparently commensurate with the significance of developments. The Embassy is commended for its conduct of negotiations on the Damman port grant. Dhahran's coverage of the financial difficulties of the Saudi Arabian Government Railroad was good. Despatch no. 156, for example, was of importance because of the clear relationship which it highlighted of the fate of the railroad to United States interests. Day-to-day developments in the field of air transportation were promptly reported. Despatch no. 208 of June 11, 1958 from Dhahran was distinguished

CONFIDENTIAL
(Unless Otherwise Indicated)

- 16 -

from other largely factual reporting because it pointed out the implications of ARAMCO's additional flights. Two Consulate General despatches reporting highway construction proposals, however, gave no indication of the likelihood of their construction^{or}/of their value to the country when built. Coverage of radio and telecommunications was limited to the despatch reporting the King's rejection of the expansion of television facilities in Saudi Arabia. Alert reporting on the utilities industry was limited to two reports on the Damman power system. Jidda's "Special Report on the Electric Utility Industry" provided an excellent example of reporting based on unpublished data generated by the post.

Statistical reporting requirements have been satisfactorily fulfilled for all of the above fields. Dhahran's despatch no. 204 of June 9, 1958 in the field of rail transportation was responsive to end-user needs.

Although delay notices have been appreciated, the delay in submission of the special report on "Highway Transportation" requested in CA-6790 of February 20, 1957 is considered excessive.

DHAHRAN'S PERSIAN GULF REPORTING RESPONSIBILITIES

The Consulate General at Dhahran has discharged its responsibilities outside of Saudi Arabia remarkably well when the year's performance is viewed as a whole. The successful negotiation of the treaty with the Sultan of Muscat and Oman and Dependencies is commended. Reporting was generally more factual than analytical, but this can be attributed largely to turnover in personnel. Coverage was more than adequate from the point of view of areas covered as well as economic sectors. Reporting was focused on Bahrein in the first half of the year, on Oman, Muscat and Dhofar in the second quarter, and on the Trucial States and Qatar in the final quarter. Qatar

CONFIDENTIAL
(Unless Otherwise Indicated)

CONFIDENTIAL
(Unless Otherwise Indicated)

- 17 -

received the least attention. The travel and reporting effort devoted to the Trucial States in the last quarter of 1958 produced a thoroughly commendable series of basic reports on this relatively unknown area. Sectoral coverage was comprehensive including the budgetary considerations of the rulers of these areas, petroleum, trade, transportation, utilities, labor and social considerations. Bahrein and Qatar petroleum industries received lighter coverage than the newly developed areas to the south.

Two reports in particular were exemplary of the types of reporting from the Persian Gulf area desired by end-users. Despatch no. 5 , May 3, helpfully provided data compiled by the post when such information was not available from normal sources. Despatch no. 164, May 17, was an example of welcome biographic reporting covering personalities in economic life; such biographic information is most useful in evaluating views expressed by these individuals.

Future reporting would be improved by elimination of 1) the fragmentary character of reporting of day-to-day developments and 2) the deficiency in compliance with commercial intelligence requirements. Much of the reporting of day-to-day developments has consisted of the transmittal of newspaper items unevaluated as to reliability or significance. The Consulate General might wish to consider the value of a periodic "summary" type report to provide the missing integrated picture of developments in the Persian Gulf shaikhdoms. With the recent authorization of an additional local clerk for economic work and of increased travel funds, the Consulate General should be able to eliminate the deficiency in commercial intelligence reporting.

CONFIDENTIAL
(Unless Otherwise Indicated)

~~CONFIDENTIAL~~
(Unless Otherwise Indicated)

- 18 -

MISCELLANEOUS

The following points of reporting mechanics are commended to the attention of both posts:

1) From time to time reports have been submitted bearing specific addressee captions. As distribution of despatches among end-user agencies is made on the basis of substance, the Embassy and the Consulate General may wish to review their procedures in the light of 1 FSM II 210. Furthermore, limiting distribution captions should be used only when the subject matter of the despatches concerned is unusually sensitive; in any event, "NOFORN" is not a caption authorized by the Foreign Service Manual.

2) Reports should be properly referenced to the CERP Section and Item against which they are submitted. In the case of alert reports, if there is no special Section D item with which the report can be connected, it should be referenced to "Section D - General".

END OFFICIAL USE ONLY

Draft by: Mr. K. B. Schmertz

Call Mr. B. Kitain - Code 1208, ext. 144

~~CONFIDENTIAL~~
(Unless Otherwise Indicated)

OFFICIAL USE ONLY

Enclosure 1, to the Department's
unnumbered instruction dated
to the
American Embassy, JIDDA.

CERP REPETITIVE REQUIREMENTS NOT DISCHARGED

Period: January 1 - December 31, 1958

SAUDI ARABIA

Assigned Jidda unless otherwise indicated.

<u>Item No.</u>	<u>Subject</u>	<u>Priority</u>	<u>Frequency</u>	<u>Due Date</u>
B-III-D	ARAMCO tax and royalty payments to Saudi Government. (Assigned Dhahran)	3	Quarterly	November 15, 1958
B-V-A-1,2	Motor vehicles - major types: 1. Foreign trade. 2. Registrations. 1/	5	Annually	March 15, 1958
C-3	Petroleum report. 2/ (Assigned Dhahran)	3	Annually	April 1, 1958

1/ CA-6700 of February 4, 1958 requested the Embassy to report by despatch and established a due date of March 15, 1958. No report was received. REP unnumbered instruction of November 21, 1958 requested the Embassy to endeavor to meet the next due date for this report and include data for 1957.

2/ Follow-up sent by REP unnumbered instruction of November 21, 1958.

OFFICIAL USE ONLY

OFFICIAL USE ONLY

Enclosure 2, to the Department's
unnumbered instruction dated
to the
American Embassy, JIDDA.

CMRP, SECTION C REPETITIVE REQUIREMENTS
NOT DISCHARGED ON THE SPECIFIED DUE DATE
OR FREQUENCY

Period: January 1 - December 31, 1958

SAUDI ARABIA

Jidda

<u>Item No.</u>	<u>Subject</u>	<u>Priority</u>	<u>Frequency</u>	<u>Due Date</u>
C-1	Economic Summary. 1/	2	Quarterly	January 15, 1958 April 15, 1958 July 15, 1958
C-2	Economic Assessment. 2/	2	Annually	March 15, 1958

- 1/ During the period under review, one summary was received, despatch 111 of November 15, 1958 covering the second and third quarters of 1958.
- 2/ The Assessment was received over a month late by Embassy despatch 206 of April 23, 1958.

OFFICIAL USE ONLY

Enclosure 3, to the Department's
unnumbered instruction dated
to the
American Embassy, JIDDA.

**SINGLE-TIME REQUESTS OVERDUE, BY PRIORITY GROUPS
(Excluding World Trade Directory Reports)**

SAUDI ARABIA

Jidda and Dhahran

Priority 2 requests transmitted through December 31, 1958: None.

Priority 3 requests transmitted through December 15, 1958:

Jidda

<u>Item & Date</u>	<u>Subject</u>
CA-1932 8/26/58	Requests transmittal of enclosed Mutual Defense Assistance Control Act (Battle Act) Lists of August 15, 1958 to the Foreign Office and submission of report on conversations held with the Foreign Office.

Priority 4 requests transmitted through November 15, 1958:

Jidda

<u>Item & Date</u>	<u>Subject</u>
CA-6790 2/20/57	Requests preparation of a special report "Highway Transportation" due in Washington May 31, 1957. 1/

Agriculture letter 8/26/58 Requests information on agricultural production indices.

Priority 5 requests transmitted through October 15, 1958:

Jidda

<u>Item & Date</u>	<u>Subject</u>
Commerce letter 9/19/58	Requests preparation of trade list "American Firms, Subsidiaries and Affiliates-Saudi Arabia".

Dhahran

<u>Item & Date</u>	<u>Subject</u>
Commerce letter	Requests preparation of trade list "Business Firms-Mahrein Islands, Oman, Qatar and Trucial States". 2/

1/ Follow-ups were sent by REP instructions of August 14, 1957; March 12, 1958 and August 13, 1958. Delay notices were received by despatch 58 of September 24, 1957 and CM of August 25, 1958.

2/ Follow-ups were sent by REP instructions of March 12, 1957 and November 17, 1958 and Commerce letter of February 13, 1958. Despatches 105 of December 28, 1955 and 23 of July 19, 1958 were received in partial compliance with this request.

OFFICIAL USE ONLY